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The Director of Central Intelligence

Washington, D. C. 20505

15 JUN 1982

Mr. Leo Cherne
Vice Chairman
President's Foreign Intelligence
Advisory Board
Washington, D.C. 20505

Dear Leo:

The Community has been hard at work developing a report for you on the status of activities that have been undertaken in response to the PFIAB's recommendations of 1976. What you have here is just a partial response. I thought it would be useful for you to have the sections that have been completed as soon as possible; the rest will follow shortly.

Let me begin by discussing the nine formal recommendations that appear on pages v-vii of the 2 December 1976 report entitled, "Intelligence for the Future." In January 1977, then DCI Bush provided a rundown of Intelligence Community activities on each of the recommendations; what follows is a similar status report for 1982.

- a. First Recommendation: The NSC should sponsor development of three or four models of the world twenty years hence, and the DCI should "undertake a Community-wide estimation of the intelligence system's performance under each of the projected futures."

As far as I know, the NSC has never sponsored projections of the future in a formal, structured way. Nor, am I convinced it should have. It is not clear to me what the PFIAB had in mind. Development of formal, elaborate models is not, in my view, worthwhile. If, instead, the PFIAB wanted the NSC to sponsor an assessment of the challenges that the Intelligence Community will face in the future; that has been done. In response to a request from the Assistant to the President for National Security Affairs, the Intelligence Community took the first step in establishing a Community strategic planning process when last year it produced the 1985 Intelligence Capabilities Study. This comprehensive study identified major issues that the Intelligence Community will face through this decade and outlined capabilities required to meet them.

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- b. Second Recommendation: The NSC should direct a "most thorough review" of the subject and structure of intelligence support to crisis management.

The review of intelligence support to crisis management is not complete. Information on this will be forwarded next week.

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- d. Fourth Recommendation: Net assessments, particularly of weapons systems interaction, will grow in importance and "a renewed effort is required to determine how they can be performed and within what institutional framework."

The Community has struggled with the problem of net assessments for a number of years. Three of my predecessors recommended to the President or the Assistant to the President for National Security Affairs that a national-level net assessment of the US-USSR strategic balance be conducted in which the Intelligence Community would participate. They were aware that in the absence of such a national net assessment, some of the analyses in NIEs seeking to show trends in Soviet forces more clearly by relating them to US data were mistakenly being regarded as net assessments of US capabilities. The Community tried to be explicit about the basis for and the limitations of the analyses included in the NIEs with varying success. I am pleased to say that Secretary Weinberger and I have agreed on a joint DoD-DCI effort to conduct a national-level

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net assessment. As I believe appropriate, the Community is providing data on Soviet forces and capabilities and is playing a generally supporting role. Secretary Weinberger and I also agreed that beginning with NIE 11-3/8-81, US forces would not be displayed in NIEs, thereby eliminating the possibility that the NIE would be regarded as an evaluation of US forces or as a net assessment.

- e. Fifth Recommendation: The DCI should take a new look at the problem of targeting Soviet research and development "with the view of recommending a more intensive and more imaginative effort in the future."

Work on a response to this recommendation is not yet complete. I hope to forward some information in my next letter.

- f. Sixth Recommendation: While "previous Intelligence Community efforts to assess foreign (USSR) perceptions of the US are applauded," the PFIAB urges "that they be made more comprehensive and that they be kept current."

The Community is also convinced about the importance of assessing perceptions of the US. Since 1976, over sixty major finished intelligence studies have been produced which include assessments of foreign perceptions of the US. The majority of these assessments focus on Soviet perceptions, but there are some that treat West European and Chinese views on US policies on detente and non-proliferation. Ongoing and proposed research projects in the Community indicate there will continue to be a high level of effort focused on Soviet perceptions of US foreign, defense and economic policies.

Increased attention is also being given to assessment of Chinese, West European, Japanese and Third World perceptions of the US. Virtually all finished intelligence publications on these regional areas will now include at least one section that addresses foreign views on US policies or actions as they may affect local events. For example, foreign perceptions of US actions are becoming an integral part of the Community analysis of such topics as terrorism and counterinsurgency, international trade and finance, energy development and supply, as well as regional alliances and political stability. The State Department's Bureau of Intelligence and Research is sponsoring a series of lectures for analysts on the psychological theory of political analysis. This series features perception as a key element of such analysis. A reference handbook for use by analysts will be one product of these lectures.

Outside the Intelligence Community, the only government organization that routinely assesses foreign perceptions of the US is the International Communications Agency (ICA). ICA's Office of Research carries out these assessments in support of that Agency's policy advisory role as well as in support of communications programming. In addition to monitoring foreign media, the Office conducts research on the views of the elite and the general public in priority countries. This information is, of course, available to and used by the Community.

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- g. Seventh Recommendation: Human source collection and analytic processes have not experienced advances corresponding to technological improvements over the past decade in intelligence collection systems, so "a vigorous effort needs to be undertaken to achieve major improvements in these human aspects of intelligence: the recruitment of agents; the management of data; and in-depth understandings of foreign relationships."

I am sure you are well aware of the personal interest I have taken to ensure that the Community achieves significant improvements in the collection of human source intelligence and the analytical process. Let me begin by describing efforts since 1976 to improve the collection of HUMINT. The Human Resources Committee, a Community-wide organization, has developed the National HUMINT Collection System through which national-level intelligence needs are delineated and collection responsibilities are determined. Assessment of the collection response and periodic review of the needs of policymakers and analysts keep the system reasonably current. Both intelligence and non-intelligence collectors are involved.

Open-source information is an important component of HUMINT. The ability of the intelligence and foreign affairs communities to exploit open-source information has improved through a number of actions taken since 1976. The Community has issued a directory of open-source collectors, processors and disseminators which identifies sources of open-source data throughout the government. [REDACTED]

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If you and your colleagues think it would help your assessment, I can provide orally material on clandestine activities which I prefer not to include in this paper.

A substantial effort is also underway within the Intelligence Community to improve the analytical processes. Many of the same technologies used in the sophisticated collection systems are being applied to support the analysts. Computers are being used to recognize, sort, search and disseminate information. [REDACTED]

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search techniques. New methodologies have been and continue to be developed to aid analysts in interpreting data. Computer models are used to estimate the output of oil refineries, to predict the outcome of strategic force exchanges, and to identify the true authors of political articles. New emphasis is also being placed on the training of analysts and on recognizing, selecting, motivating and retaining good analysts.

In 1979, the DCI established a production enhancement program to encourage innovative, new approaches for improving the quality of analysis. High-risk, but potentially high-payoff, projects are supported for a limited time until a judgment can be made as to their eventual success. Several of these projects have proven worthwhile. Earlier this year, I

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established the Intelligence Producers Council to improve communications and coordination among senior production managers in the Community in all areas affecting the quality of production. I am convinced that improved analysis is critical if the Community is to do the job that the President has asked us to do.

- h. Eighth Recommendation: "A Presidential review of the US counterintelligence policy is required as a basis for the formulation of a national counterintelligence policy and a statement of counterintelligence objectives."

As you are aware, in February the President issued NSSD 2, entitled, Detecting and Countering the Foreign Intelligence Threat to the United States, which called for a comprehensive review of US capabilities to detect, analyze and counter the foreign intelligence threat. Terms of Reference for the study were approved by a committee of the NSC in late April and the Community is hard at work on a comprehensive paper which is due to be finished in July. This study must be completed before we can address the organizational and related policy concerns that PFIAB raised in 1976 and the President reiterated earlier this year.

- i. Ninth Recommendation: Noting that the security discipline of intelligence personnel is difficult to maintain in a culture which has come to abhor secrecy, PFIAB endorses the Deputy Secretary of Defense's suggestion that "a blue-ribbon commission examine these changed values in American society with the view toward determining how to restore adherence to the principles of confidential service to the government."

Several things have happened in this area, not the least of which appears to be a change in the US climate with respect to intelligence. This is one case where the passage of time may have overtaken the problems perceived in 1976. There appears to be a new conservatism in US colleges and among our younger generation which supports loyalty to country and employer. In addition, Congress seems more willing to uphold the secrecy that our Community needs to operate effectively. Notwithstanding this, we have made efforts to improve security discipline and raise the consciousness of Community personnel to the threat of foreign intelligence activities. Additionally, the Security Awareness Working Group of the Community's Security Committee has developed an extensive briefing to acquaint senior officials outside the Intelligence Community with security problems and ways to avoid them. I believe there is more awareness now of the importance of security than when PFIAB raised the issue in 1976.

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In its 1976 report, PFIAB also identified a handful of innovations that it indicated were among the most important to pursue. We have also made progress on these.

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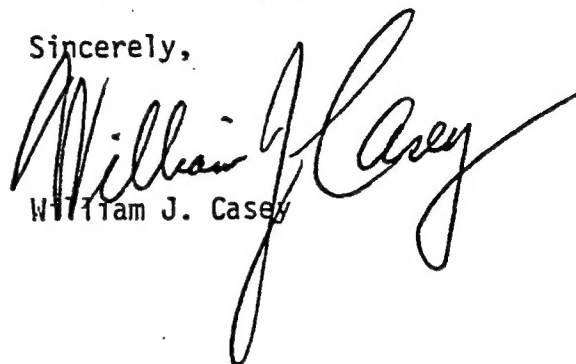
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o A description of the current status of work on other initiatives will be included in subsequent responses.

Some of the responses provided here are perhaps more detailed than you expected or wanted. I hope you find all of the material helpful and that you realize now how far the Community has come in response to PFIAB suggestions and because the Community, itself, recognized the importance of these subjects. I expect to have another report for you shortly.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. Casey". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

William J. Casey

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